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**INTERNAL IMPROVEMENTS IN INDIANA, 1818-1846.**

*BY MARGARET DUDEN.*

**T**HE State system of internal improvements which was adopted by Indiana, in 1836, was not a new measure; nor did the adoption of the system, at that time, grow out of a new and hasty expression of popular sentiment. For a period of more than ten years the expediency of providing by law for the commencement of a State system of public works had been discussed before the people of the State by governors, legislators and distinguished citizens."

The central and northern part of Indiana had felt a need of a system of internal improvements. "The experience of the north-western campaigns of the War of 1812 had demonstrated the futility of military operations with inadequate means of transporting troops and supplies. A national military highway across the Old Northwest was demanded."

As early as 1818, Governor Jennings, in his message, urged the consideration of a system of canals and roads, saying: "The internal improvement of the State forms a subject of greatest importance and deserves the most serious attention. Roads and canals are calculated to afford facilities to the commercial transactions connected with the exports and imports of the country, by lessening the expenses and time attendant, as well on the transportation of the bulky articles which compose our exports, as on the importation of articles, the growth and manufactures of foreign countries, which luxury and habit have rendered too common and almost indispensable to our consumption." A system of canals would arouse "a more general intercourse between citizens, which never fails, in a great measure, to remove the jealousies of local interests, and the embittered violence of political feuds, which too often produce the most undignified results to our republican institutions."

In 1822 Indiana and Illinois conjointly began to adopt measures for the improvement of the Grand Rapids of the Wabash River.

This was a definite step toward the development of the Wabash route as something more than a waterway of canoe trade.

And in 1823 the subject of connecting the Maumee and Wabash Rivers by a canal navigation was considered by the legislatures of both Indiana and Illinois.

"The Erie Canal had just been completed. Indiana was a growing State, but it was hindered by its poor facilities for getting to market its surplus products. The only market open to Indiana was that of the South. They were dependent upon the flatboats which carried the surplus products to the southern markets. Those countries bordering on the Ohio river were the fortunate ones, for the interior settlements were practically cut off from any market, except in the fall and spring."

So in 1822 we find the following statements in Governor Hendricks' message to the General Assembly, December, 1822: "We ought to leave free and unshackled, as far as we can, our resources for improvement, and purposes which the interests of the State may hereafter require, if not at our hands, at the hands of those who succeed us. In this way we shall best discharge our own duties, and not consult the interests of the community. Let us not lose sight of those great objects to which the means of the State should, at some future day be devoted—the navigation of the falls of the Ohio, the improvement of the Wabash, the White river and other streams,—and the construction of the national and other roads through the State."

In December, 1826, Governor Ray delivered the following statement, before the Assembly: "On the construction of roads and canals, then, we must rely, as the safest and most certain State policy, to relieve our situation, place us among the first States in the Union, and change the cry of 'hard times', into an open acknowledgment of contentedness." "We must strike at the internal improvement of the State, or form our minds to remain poor and unacquainted with each other."

In his message of 1827 Governor Ray again favors internal improvements, especially since the Federal Government had given land to Indiana, estimated to be worth \$1,250,000, to aid in the construction of a canal connecting Lake Erie with the

Wabash river, and in making a road from Lake Michigan through Indianapolis to the Ohio river.

In 1832 the Internal Improvement work was begun. Mr. Cochrum in his history calls attention to the fact that the Asiatic cholera had caused many deaths in Indiana that year, and that the corn crops had failed; yet the canal commissioners completed their surveys and prepared bonds, which were sold in New York to the amount of \$1,000,000 at a large premium.

"The work of opening a road from Lake Michigan, through Indianapolis to Madison, on the River Ohio, was begun, under the authority of the State, in 1830, and in 1832 the construction of that part of the Wabash and Erie canal which lies within the borders of Indiana." The amount spent for the improvement of the Michigan road was \$54,000, of which \$52,000 was realized from the sale of land, appropriated for its construction.

"The Michigan road began at Trail Creek on Lake Michigan; the road runs easterly to the southern bend of the St. Joseph river; thence southward to the Wabash river. which it crosses; thence to Indianapolis; thence southeast to Greensburg; thence south again to Madison." This road served as a route for immigration, but it lost its usefulness when the Wabash and Erie canal was built.

In 1832, thirty-two miles of the Wabash and Erie canal were placed under contract.

Little progress was made during the first year, although local interest ran high. Meetings were held along the line to promote the rapid building of the canal. Committees worked to secure legislative action for additional surveys. The scarcity of good material for locks and waterways proved the greatest obstacle. By 1834 a small part near Ft. Wayne had been completed, and the first canal boat launched.

The enthusiasm for the canal was great at the very beginning. "The old Northwest is especially well adapted to the development of canals. The broad strip between the Ohio river and the lakes is remarkably void of elevations deserving the names of mountains. Sluggish streams abound through its vast plains. Broad alluvial valleys follow the larger streams and invite the

construction of canals and railroads. Few locks were necessary, and the material like timber and stone were close at hand."

During the year 1835, the Wabash and Erie canal was rapidly constructed. The middle division, extending from St. Joseph river to the forks of the Wabash, was completed. This finished section was thirty-one miles in length and cost \$232,000.

But, in the meantime, it had been necessary to make another loan of \$400,000. Transferable certificates of stock, 6 per cent., for twenty-five years, were issued.

Nevertheless by the middle of summer boats were running on this part of the canal.

During the period 1830-1835, the population of Indiana increased greatly. The necessity for roads and means of transportation grew with the population. The financial success of the Erie canal aroused among the newer States a similar enthusiasm for internal improvements.

Accordingly a bill, known as the Mammoth Bill, was presented to the Legislature of 1835. The cost of the system was estimated at \$5,910,000. The plan provided for an extension of the Wabash and Erie canal from Tippecanoe to Lafayette; also for a network of connecting canals, railroads and turnpikes. The discussions upon this bill were animated, nevertheless it failed at the first session, because of a demand for more definite information.

In 1835 the Legislature appropriated the sum of \$227,000 to extend the Wabash and Erie canal from the mouth of the Tippecanoe river to Lafayette. The same legislature desired to investigate the feasibility of the Mammoth Bill, therefore it provided for a series of surveys.

During the elections of 1835, the question of internal improvements became an issue.

The General Assembly met December, 1836, and Governor Noble in his message recommended the expenditure of \$10,000,000 on such a system of internal improvements.

The Legislature passed a bill providing for a system of improvements, which had been introduced on January 27, 1836. In the House sixty-five had voted for it, and in the Senate it passed with a two-thirds majority.

This bill provided for a Board of Internal Improvements, which was to consist of nine members. These members were to receive their appointment from the governor.

The act benefited all sections of the State, for it provided for a system of turnpikes, canals and railroads, with the Wabash and Erie canal and the Ohio river as the main arteries.

The passage of this act caused great rejoicing throughout the State. It was expected and believed that the revenues the State would enjoy from the various works would make taxation unnecessary. The system was expected to make all men rich. A period of wild speculation followed. Trading of all kind became active. The provisions of the Act of 1836 are as follows:

I. The Whitewater Canal was to extend from Hagerstown to Lawrenceburg. The act provided for a connection between the said Whitewater canal, and the Central canal, either a connection by canal or by railroad. One million four hundred thousand dollars was appropriated. If Ohio declined to construct the part of the canal which would be in her territory, the commissioners were to construct a railroad from some point near Harrison to Lawrenceburg, wholly within Indiana. (This canal had been agitated as early as 1822. The survey and location and contracts for building the various sections were let at Brookville September 13, 1836, under the auspices of the State. The canal was completed from the Ohio river to Brookville, as well as about one-half of the work from Brookville to Cambridge City, in 1839. The session of 1841-'42 Legislature chartered the Whitewater Valley Company, with a capital stock of \$400,000. In October, 1843, the canal was extended from Brookville fifteen miles to Laurel; to Connersville, twelve miles farther, in June, 1845; and in October, 1845, it was completed to Cambridge City. The entire cost to the company was \$743,000. It was operated for several years until the Whitewater Valley railroad superseded it. The canal company constructed the canal only as far as Cambridge City. In 1846 the Hagerstown Canal Company was organized and the canal reached that place in 1847. But the canal soon fell into disuse except as a source of water-power.)

II. The Central canal, 290 miles. This canal was to begin

at some suitable point on the Wabash and Erie canal, between Ft. Wayne and Logansport; it was to run to Muncietown, thence to Indianapolis, thence down the valley of the west fork of said river, thence to Evansville on the Ohio. The appropriation was \$3,500,000.

(The section from Indianapolis to Broad Ripple was the only completed portion. The work was begun in 1837, and prosecuted up to 1838. A great deal of work was done on the canal between Indianapolis and Wabash town. The canal was almost completed from Indianapolis to the bluffs of White river when the Board of Internal Improvements failed. The Legislature authorized the sale of the Central canal to outside parties. It was sold to parties in New York. Now it is owned by the Indianapolis Water Company.)

III. An extension of the Wabash and Erie canal from the mouth of the Tippecanoe river down the valley of the Wabash to Terre Haute, thence by route surveyed on Eel river, so as to connect it with the Central canal at the point designated in the said survey, or else by the most practicable route from Terre Haute, so as to connect with the mouth of Black creek, in Knox county. The appropriation was \$1,300,000.

IV. A Railroad from Madison, through Columbus, Indianapolis and Crawfordsville, to Lafayette. Appropriation \$1,300,000.

(The State began this work and completed twenty-eight miles, and incurred one-half the expense of grading and bridging the next twenty-eight miles. The heavy work on the Madison plane, the high embankments and bridges, and the deep cuts south of Vernon, caused this part of the road to cost at the rate of \$40,000 a mile. The part finished by the company, from Six Mill creek to Indianapolis, cost the company which took possession of it in February, 1843, less than \$8,000 a mile.)

V. A Macadamized Turnpike Road from New Albany through Greenville, thence as near Fredricksburg as practicable, through Paoli, Mount Pleasant and Washington to Vincennes. The appropriation was \$1,150,000.

VI. A re-survey of the Jeffersonville-Crawfordsville route.

If practical to build either a railroad, or a turnpike, beginning at Salem.

VII. The sum of \$50,000 was appropriated for the removal of obstructions to navigation in the Wabash river between its mouth and the town of Vincennes.

VIII. Erie and Michigan Canal or Railway, was to begin at or near Ft. Wayne and run to Lake Michigan, near Michigan City, by way of Goshen, South Bend and Laporte, if this route was practicable.

(No part of the Erie and Michigan canal was ever completed.)

A loan of \$10,000,000 had to be made in order to begin this system.

In 1836, thirty-one miles of the Whitewater canal from Lawrenceburg to Brookville was placed under contract, also twenty-three miles of the Central canal, which was to pass through Indianapolis. Twenty miles of the southern division of this work, from Evansville into the interior, was also placed under contract, and the cross-cut canal from Terre Haute to where it intersected the Central canal near the mouth of Eel river, was all under contract for construction.

As soon as the work was begun, there was a great desire on the part of the people to see it finished without delay.

In his message of 1836, Governor Noble feared, "That the rapid disbursement of money would lead to extravagance. high-living, and then a reaction, when the system would become a burden."

If all the works authorized had been completed, they would have cost \$30,000,000, and the whole tolls would not have paid for the repairs of the first twenty years. In many places public works were begun where there was no surplus of labor or of produce, and here the lot speculator was the only person who could be profited. It was a fortunate thing that the credit of the State failed before all the indebtedness contemplated had been incurred.

The Auditor's report for 1848 appears as follows:



## COST.

Jefferson & Crawfordsville Road.....	\$ 339,183.78
Lafayette & Indianapolis Road.....	73,142.87
Wabash Rapids.....	14,288.42
White Water Canal.....	1,092,175.13
Madison & Indianapolis Road.....	1,624,603.05
Wabash and Erie Canal, East of Tippecanoe.....	3,055,268.97
Wabash & Erie Canal, West of Tippecanoe.....	1,245,290.54
Eel River Cross Cut.....	436,189.88
S. Division of Central Canal.....	575,646.49
Wabash and Ohio Canal.....	9,169.94
New Albany & Vincennes R. R.....	696,516.47
N. Division of Central Canal.....	882,088.93
Erie and Michigan Canal.....	160,708.87

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\$10,204,273.39

## SUMS RECEIVED FOR TOLL.

Madison & Indianapolis R. R.....	\$ 85,436.68
Wabash & Erie Canal (east).....	1,174,611.83
Wabash & Erie Canal (west).....	526,847.61
New Albany & Vincennes Road.....	27,311.34
Northern Division of Central Canal.....	15,008.76

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\$ 1,829,216.22

"The causes for the disastrous outcome were various. The financial distress which swept over the country in 1837 was partly to blame." The tolls were insufficient, and the authorities lost largely by selling bonds on credit. In several cases the purchaser failed through unsuccessful speculation to be able to meet his obligations to the State. When the crash came there was a general suspension of every sort of business. The State's financial ruin was great.

In 1839, the entire State system of public works was paralyzed. The State could not find purchasers for its bonds. The payments of the contractors ceased on their contracts. The board could no longer meet its obligations, and consequently abandoned all work in August, 1839.

In order to provide means for the payment of the contractors, and other public creditors, the Legislature authorized an issue of State treasury notes to the amount of \$1,500,000. These notes formed a circulating medium which for a brief period passed at its normal value, but early in the summer of 1842, when there was about \$1,000,000 of this currency in circulation among the people, it suddenly depreciated in value from 40 to 50 per cent.

The Legislature of 1841 passed a law authorizing any private company to take charge of, and to complete any of the works, with the exception of the Wabash and Erie Canal, which was retained by the State. The act abolished the Board of Internal Improvements, the office of fund commissioner and chief engineer. It provided also for a State agent who was to perform the duties of the fund commissioner.

By 1841 the State debt grew to \$13,148,453 of which \$9,464,453 was on account of the internal improvement system. This sum steadily increased because of the unpaid interest. On the other hand, Indiana had two hundred miles of canal in use, yielding \$5,000 in tolls, two railroads yielding \$26,000 annually, and several useless fragments of canals.

The Cross Cut canal, and the southern division of the Central canal, on which little had been accomplished, became integral parts of the Wabash and Erie waterway on its extension to the Ohio river.

The State made several attempts to finish the Wabash and Erie canal, and in 1841, it was successfully operated from Ft. Wayne to Lafayette, and paid a fair revenue to the State. In 1841 and 1845 Congress made a second and third grant of land to aid in the construction of the canal. But all these efforts were futile.

The Legislature of 1845 had two problems which confronted it. (1) To complete the Wabash and Erie canal; (2) To manage the State debt.

Indiana, however, was not the only State which had embarrassing financial conditions, as Pennsylvania, Maryland, Michigan and Illinois defaulted in their payments of interest.

At this time the dissatisfied creditors both of Europe and

America, appointed a Mr. Charles Butler as their agent, in order that he should endeavor to obtain relief for the bondholders.

The Legislature of 1846 finally solved the problem by passing the Butler Bill. This bill divided the State debt into two parts. As to the one part, the State agreed to pay interest and ultimately the principal out of taxation. For the interest and principal of the other half, the creditors consented to look to the revenues of the Wabash and Erie canal. This canal was placed under a board of trustees, one member of which was to be chosen by the State Legislature, and two members were to be selected by the bondholders. The canal was not placed in the hands of the bondholders, but the canal was placed in trust for their benefit.

In 1847 the board met. Mr. Butler was chosen president. The newly organized board of trustees received the Wabash and Erie canal in 1847. It was completed by this management to Terre Haute in 1849, and to Evansville in 1854. The entire length of the canal in Indiana was 375 miles. It extended 84 miles in Ohio. This made a total of 459 miles. The enormous work, which cost so many million dollars, lasted only a few years, owing to its being paralleled the entire length by railroads. The canal caused a large emigration to the sections for many miles on both sides of the canal throughout its entire length.

Thirty-eight counties in Indiana and nearly nine counties in Illinois, including an average of 22,000 square miles, were directly affected by the canal.

In 1874, the Wabash and Erie canal was abandoned. The court ordered a sale of the canal. The property with the right of way and lands were sold February 12, 1877, to speculators, but no attempt was made to repair and maintain the canal. It rapidly fell into complete ruin, and as a money-making institution the canal had utterly failed.

Many towns which had suddenly sprung into existence as promising centers, have passed with the canal, as for example, Lagro, Lewisburg, Georgetown, Carrolton, Americus and Lockport, all of which are almost forgotten. Miss Coman, in her *Industrial History of the United States*, says: "We see then

that the crisis of 1837 checked the mania for canal building none too soon. Much of the capital so invested was lost, for the canal was destined to be superseded by the railroad. Canal traffic was often interfered with by slack water, floods and frosts; the traffic was necessarily slow. A railroad can be built through the mountainous country at one-third of the cost of a canal, and over heights water can not be conducted over."

And so in Indiana we find the railroads, which were usually built by joint stock companies and chartered by the State Legislatures, taking the place of canals. But the construction of railroads forms another chapter of Indiana history.